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C O N F I D E N T I A L SECTION 01 OF 02 ZAGREB 000006

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TAGS: PGOV HR

SUBJECT: FORMER PM'S SURPRISE RETURN TO POLITICS MAY LEAD
TO HIS OUSTER FROM THE PARTY

REF: A. ZAGREB 000005
B. ZAGREB 000747

Classified By: Classified By: Poloff Daniel Meges for reasons 1.4 (b) &
(d)

¶1. (C) SUMMARY: After an extraordinary meeting of the presidency of the Croatian Democratic Union (HDZ), the party leaked to the press that the HDZ presidency decided to expel former premier Ivo Sanader from the party. While the HDZ will not release an official statement stripping Sanader of his party membership and his position as honorary HDZ president until after they inform the HDZ's county branches, the Prime Minister's office hinted to the CDA this morning that the party was ready to take action against Sanader. This move was prompted by Sanader's surprise press conference on January 3 in which he criticized the leadership of the HDZ and bemoaned the poor results of the HDZ during the first round presidential race, which, he concluded, compelled his return to active politics. Public reactions to Sanader's pending return to politics are almost universally negative, and local media was quick to surmise that his comeback was a "desperate" attempt to defend himself against corruption charges rather than a genuine effort to bolster the HDZ's standing. If the reports in the press bear out, Sanader's ouster amounts to a vote of confidence for Kosor from the party, which bodes well for her attempt to tackle corruption within the government as well as within the HDZ. END SUMMARY

¶2. (U) Former Croatian Prime Minister Ivo Sanader held a special press conference at the HDZ headquarters on Sunday January 3 announcing his return to politics. (REF A) Sanader stated that his withdrawal from political life was a "complete mistake" and that he planned to attend HDZ presidency meetings from now on and reactivate his parliamentary mandate. (NOTE: In July 2009, Sanader abruptly resigned from his premiership and froze his parliamentary mandate. Per Croatian law, since he won a parliamentary mandate he is free to reassume the position any time after January 15.) Sanader indicated that he left politics because he was "unwilling to sell Croatian territory" in order to gain EU membership--a reference to the Croatian-Slovenian border dispute--but that the poor HDZ presidential election results compelled him to return to the political scene. During his press conference Sanader was extremely negative about the management of the party, but did not criticize current PM Jadranka Kosor directly for any particular government policy. He also denied any involvement in the ongoing scandal involving bad loans at Hypo Alpe Adria Bank. (REF B) Local media were quick to speculate that Sanader's pending re-entry into parliament was designed to provide him a forum in which he can challenge corruption allegations and secure some level of immunity from prosecution. (NOTE: Parliamentary immunity from prosecution can be stripped by a vote of parliament.)

¶3. (C) Sanader was joined at his surprise press conference by about a dozen HDZ officials and MPs, but most of them distanced themselves from him immediately after the meeting.

A few of these MPs, such as Karmela Caparin, Ivan Bogovic, and Ivanka Roksandic publicly confessed that Sanader had summoned them to the press conference but had not told them anything about his plans. All three quickly expressed full support for Kosor. Similarly, HDZ MP Josip Dakic told post on January 4 that he also had come to Sanader's press conference without knowing that Sanader would announce his return and indicated that a majority of those that attended did not actually support Sanader's criticism of the party. The only prominent HDZ member at the conference was Speaker of Parliament, and erstwhile Sanader-supporter, Luka Bebic. Bebic spoke publicly after Sanader's statements indicating that Sanader's return to active politics was intended to strengthen the party. Meanwhile, the HDZ's main coalition partners, the Croatian Peasant Party (HSS), Croatian Social Liberal Party (HSLS), and the Independent Serb Democratic Party (SDSS) all expressed full support for Kosor and raised the possibility that they would cease supporting the HDZ-led coalition if Sanader returned to a position of prominence. Kosor, for her part, was quick to line up support of the vast majority of the HDZ leadership. According to the latest media reports, during an extraordinary meeting of the HDZ presidency on January 4--which met without Sanader or Bebic--Kosor received full support for her presidency of the party and for the ouster of Sanader from the party. Local media further stated that other HDZ members who supported Sanader's latest move might face some party censure.

¶4. (C) Kosor is planning a press conference for later in the day to officially announce the HDZ's actions, but only after it fully informs its local chapters and coalition partners. However, the Prime Minister's office hinted to the CDA this

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morning that the party was ready to take action against Sanader. The PM's office also noted that "while some harm may have been done" to the party by Sanader's decision to return to politics, "the fight against corruption will not stop. The direction the country must follow is clear, and we must not go backwards."

¶5. (C) COMMENT: Sanader seems to have over-estimated his support within the HDZ and under-estimated the public's negative attitude towards him. Sanader's abrupt departure from politics last year without providing a compelling reason as to why he was leaving shocked and disappointed the public.

Many people, even HDZ supporters, still feel Sanader abandoned them and his responsibilities during a time of economic and political crisis. Sanader's popularity has deteriorated even more in the past few months as a series of corruption scandals have come to light. Many of these scandals can be traced back to Sanader's tenure as Prime Minister. If the press reports bear out, Kosor's ouster of Sanader is nothing short of a vote of confidence by the HDZ presidency in her leadership of the government and her commitment to root out corruption in state bodies as well as within the party itself. The Croatian public has been extremely supportive of Kosor's fight against corruption and her approval ratings bear out the popularity of this difficult endeavor. We expect that these intra-party events will likely give Kosor added gravitas in carrying out her anti-corruption campaign, and will strengthen her position in the government and the HDZ. END COMMENT

WALKER